



MONTANA LEGISLATIVE BRANCH

Legislative Fiscal Division

Room 110 Capitol Building ? P.O. Box 201711 ? Helena, MT 59620-1711 ? (406) 444-2986 ? FAX (406) 444-3036

Legislative Fiscal Analyst
CLAYTON SCHENCK

DATE: November 19, 2001

TO: Members of the HJR 1 Study of Public Mental Health Services

FROM: Lois Steinbeck
Senior Fiscal Analyst

RE: House Bill 2 Language and Senate Bill 454 Workgroup

At its September meeting the HJR 1 Subcommittee heard a report from the Senate Bill 454 workgroup about coordination of agencies providing children's services and the effort to reduce the number of children in high-end services, particularly in out-of-state placements. The workgroup was formed to address the directives of Senate Bill 454. During Subcommittee discussion the issue arose as to whether a \$480,000 general fund appropriation included in House Bill 2 (HB 2) would be used to support Senate Bill 454 workgroup activities and if so whether the grant awards would be competitively procured. The Subcommittee is receiving a copy of a letter to Senator Cobb from Greg Petesch regarding the competitive award process. This memorandum summarizes the appropriation restrictions governing use of the \$480,000 general fund.

During Senate Finance and Claims action on HB 2, \$1.3 million general fund was added to the appropriation for Mental Health Services Plan (MHSP) administered by the Department of Public Health and Human Services. Language specifying and restricting the use of this additional general fund was also added. The language is:

"Item 10 [the primary Addictive and Mental Disorders Division appropriation] includes \$559,560 in general fund money in fiscal year 2002 and \$713,907 in fiscal year 2003 that must be used to fund mental health services for persons eligible for the Mental Health Services Plan. At least \$480,000 of these general fund appropriations must be used for grants to one or more local children's mental health provider coalitions to prevent placement of emotionally disturbed children in out-of-home services."

A review of the language indicates the entire \$1.3 million must be spent on services for persons eligible for MSHP. Furthermore, \$480,000 general fund of the \$1.3 million includes added restrictions in that it:

- ?? Can be spent either in whole or part, in either year of the biennium;
- ?? Can be spent for administrative or planning costs to develop services that prevent out-of-home placement for MHSP eligible children as well as grants for direct service provision as long as it is expended through a grant award;
- ?? Must be used for only for MHSP eligible children (therefore cannot be used for Medicaid eligible children);

- ?? Must be used to prevent out-of-home placements (therefore cannot be used to: a. pay foster care, group home or residential treatment costs; or b. purchase services for children already in out-of-home placement such as children in out-of-state placements); and
- ?? Cannot be transferred to other uses such as Montana State Hospital costs.

The restrictions placed on the \$1.3 million general fund in HB 2 indicate that it cannot be used for Medicaid eligible persons and that it cannot be used for services for children already in out-of-home placements. While these restrictions do not preclude the use of the \$480,000 general fund to satisfy requirements of Senate Bill 454, the use of funds must be carefully considered to maintain compliance with the restrictions.

Furthermore, the department may not be able to use \$480,000 general fund to develop service networks or services that could later be accessed by Medicaid eligible persons with reimbursement from Medicaid funds unless it complies with Medicaid program criteria in the development of such services. For instance, the department may need to procure a waiver of statewideness and may need to follow federal procurement guidelines in order to develop service networks that are later reimbursed by Medicaid funds. Until DPHHS makes a commitment of the funds, it will not be possible to determine whether there is an ongoing issue for Subcommittee consideration.

S:\Legislative_Fiscal_Division\LFD_SubCommittees\HJR_1_Mental_Health\HJR-1_Correspondence\HB2_480000.doc